

Approved For Release 2002/01/23 : CIA-RDP78-04718A001500030010-3

Document No.	
No Change In Class.	<input checked="" type="checkbox"/>
<input type="checkbox"/> Declassified	
Class. Changed To:	TS S C
Auth:	NR 70-2
Date:	11-30-72
By:	35

SECRET

25 February 1955

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Presentation to the Armed Services Committee

1. Section 10 b of PL 110, approved June 20, 1949, provides that, "The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and their obligation for a confidential, extraordinary, or emergency matter, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified."

2. It is the policy of the Director to use the above authority judiciously. To this end and as far as practical within the limitations of operational security and the requirements of operations, funds of the Agency are expended and accounted for the same as are the funds of other departments of the Government.

3. Budget estimates covering Agency funds are divided into two categories—one termed vouchered funds and the other unvouchered funds. Vouchered funds are expended, given an administrative examination, certified, and sent to the Disbursing Office of the Treasury for disbursement and processing to the General Accounting Office. Unvouchered funds are expended and accounted for within the Agency and the accounts thereof, after an administrative examination by the Finance Division are given, by the Auditor-in-Chief and his audit organization, an independent comprehensive type final audit similar to that given accounts of other departments of the Government by GAO.

4. To provide for a sound audit of Agency accounts there is an Audit Staff consisting of a Chief (who was formerly the Chief of Finance of the Army), five administrative personnel and [REDACTED] auditors. The audit organization is divided into a headquarters unit and three field units; one in Europe, SE, and FE. The field units perform a comprehensive type audit at the site and the headquarters unit audits those accounts which are administered at headquarters or the accounts of stations where the activities are too small or security renders it inadvisable to make a site audit.

5. The philosophy upon which this comprehensive decentralized type of audit of unvouchered funds is based conforms to the recommendations of the Hoover Committee as adopted and now being put into effect by the GAO. The Office of the Auditor-in-Chief is responsible to the Director through the Deputy Director (Administration), and to no one else, for the independent final audit of all unvouchered money accounts, for all property

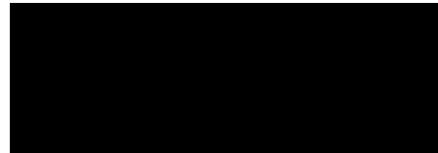
25X9A2

~~SECRET~~ -

accounts of the Agency, and for a determination that the funds and other assets available to CIA are being properly used for the purposes for which they were authorized.

6. There are certain projects of the Agency which we call proprietary projects which for security reasons cannot be audited by the audit personnel of the Agency. In such cases civilian auditors who have been security cleared are employed and render their reports to the Agency.

7. Under the above audit program the accounts of the Agency are audited approximately every four months except the proprietary projects which for security reasons are not audited more often than once each year unless some special reasons make a more frequent audit desirable.



25X1A9A

EMF:map